

2000 Act 51 Funding Study

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TRANSPORTATION FUNDING FOR THE 21ST CENTURY

Report of the
Michigan Act 51 Transportation
Funding Study Committee
June 2000

Act 51 Study Committee vs. TF2

That was then...

- 9 members
- 23 Meetings; roughly 2 per month
- Most meetings held at Lansing Center
- 23 months from bill passage until recommendations

This is now...

- 13 members
- 9 meetings; 1 per month, 2 in September
- Possibly around the state
- 10 months from bill passage until recommendations

Act 51 Study Committee vs. TF2

That was then...

- Sunset of Act 51
- Pre-September 11
- No federal imperative

This is now...

- Decline in state transportation revenue
- Post-September 11
- Release of National Surface Transportation Policy and Revenue Commission Report
- National Surface Transportation Infrastructure Finance Commission

Act 51 Study Committee vs. TF2

That was then... This is now...

- | | |
|---|---|
| ■ Population: 9.95 million | ■ Population: 10.07 million |
| ■ Unemployment:
Michigan: around 4%
US: around 4% | ■ Unemployment
Michigan: around 7.1%
US: 4.9% |
| ■ Record high gas prices:
\$1.56 per gallon | ■ Less than record high gas
prices:
\$3.19 per gallon |

Act 51 Study Committee vs. TF2

That was then...

- "Review funding options...investment priorities, and potential strategies for maximizing returns..."
- Committee's charge only included roads

This is now...

- Review adequacy of transportation & aviation service provision & finance
- Review strategies for maximizing return on investment
- Evaluate alternatives to state motor fuel taxes
- Task Force's charge includes roads, aviation, and transit

Act 51 Study Committee vs. TF2

That was then...

- State Fuel Taxes:
Gasoline: 19 cents
Diesel: 15 cents
- Federal Fuel Taxes:
Gasoline: 18.4 cents
Diesel: 24.4 cents

This is now...

- State Fuel Taxes:
Gasoline: 19 cents
Diesel: 15 cents
- Federal Fuel Taxes:
Gasoline: 18.4 cents
Diesel: 24.4 cents

Act 51 Study Committee Recommendations

- Coordination between local officials & state & local road agencies as part of planning process
 - Reduce costs, & increase efficiency & effectiveness
- Representation on county road commissions should include counties, municipalities, & townships (the 3 units that can levy ad valorem taxes for roads)
 - More inclusive process for prioritization

Act 51 Study Committee Recommendations

- Systematically explore alternative ways of generating transportation user fees
 - *“Governor should create a special committee to look at alternative sources of revenue that could become viable alternatives to existing revenue resources.”*
- Simplify total diesel fuel tax collection system
 - More efficient for state and truckers



Act 51 Study Committee Recommendations

- Eliminate transfers from MTF, STF, & CTF to other state government departments
 - Retain more transportation revenue to spend on transportation infrastructure
- Competitive bidding by pre-qualified bidders on road maintenance
 - Millions of dollars in savings



Act 51 Study Committee Recommendations

- Statewide long-term asset management
 - Better investments & accountability
- System performance measures, standards & criteria
 - Optimal investment levels, evaluate progress
- Data for all jurisdictions in statewide Geographic Information System (GIS)
 - Current, consistent info for evaluating needs

Act 51 Study Committee Recommendations

- National Functional Classification (NFC) review for roads under all jurisdictions
 - Compare all roads according to standards
- Standards, criteria, & performance measures on all-season road system
 - Stronger economic sector that relies on year-round commercial trucking

Act 51 Study Committee Recommendations

- Additional regional coordination & planning among & between road & transit agencies
 - Improve customer satisfaction, cost-efficiencies, & consistency in transportation services
- Uniform definition of maintenance with legislative approval
 - Reduce ambiguity of allowable work types

Act 51 Study Committee Recommendations

- Base level funding for routine maintenance in asset management-based formula
 - All roads will have routine maintenance addressed through base funding level
- Life cycle cost analysis
 - To encourage preventive maintenance
- Seek warranties from construction contractors, where appropriate
 - Improve process, return on taxpayer dollars

Act 51 Study Committee Recommendations

- Continue current distribution until asset mgmt process implemented, then phase in
 - Time to develop process & for agencies to adapt
- Technical Advisory Panel to oversee components of asset mgmt
 - Measures, standards set by stakeholders
- Legislature should evaluate Technical Advisory Panel's periodic performance reports & take appropriate action
 - Comprehensive review provides feedback loop